

Report to:	Scrutiny and Overview Committee	15 November 2022
Lead Cabinet Member:	Councillor John Williams, Lead Cabinet Member for Resources	
Lead Officer:	Peter Maddock, Head of Finance	

Ice Rink Update.

Executive Summary

1. During 2017 an Ice rink was constructed in Newmarket Road, Cambridge. The construction was funded in part by the university Gattiker Fund but also a loan from the District Council. The amounts were advanced in two tranches totalling £2.4m with £1.85m advanced during October 2017 and a further £0.55m advanced during November 2018 all repayable by March 2044. In the summer of 2020 at the height of the Coronavirus pandemic the Council received a request from Cambridge Leisure and Ice Centre (CLIC) for additional financial support of around £0.6m in order to be able to meet its liabilities. Following further discussions, it was agreed that CLIC should look to negotiate with its creditors to reduce their financial claims on the company in return for the Council not enforcing its claim to outstanding payments under the loan agreement. There were a number of other stipulations made at the same time including member representation on the Board of CLIC and agreement to lease extensions of 10 years with both Marshalls, the landowner and Greenwich Leisure (GLL), the rink management company. This process has now been completed and we are in a position to agree a revised loan agreement and the other associated requirements.

Recommendations

2. That Committee note that CLIC no longer require additional finance to keep the rink operational and that agreement to a revised loan schedule requiring payment by 2048/49 instead of 2043/44 as originally planned, will meet the original objective of keeping the rink operating and should ensure the council receives its money back in full.

Details

3. During 2015 CLIC was set up with the purpose of building an Ice Rink on a site in Newmarket Road leased from Marshall Group. The cost of the rink was around £6m and whilst a substantial amount of this was met by the University Gattiker Fund, CLIC also approached the Council for a loan to make up the required funding. Initially in October 2017 a sum of £1.85m was advanced and subsequently in November 2018 a further £0.55m was made available. The total advance made being of £2.4m was repayable by March 2044.
4. Construction of the rink began in November 2017 however there were delays relating to the discovery of munitions on the site and compensation was sought from the Ministry of Defence for the additional costs this caused. Some compensation was forthcoming but not enough to fully compensate for the additional costs incurred.
5. The Rink opened for Business in August 2019 but there was a cost overrun of around £0.3m on the original £6m budget set.
6. The rink is operated and managed by Greenwich Leisure Ltd (GLL) a charitable organisation specialising in the management of leisure facilities and they pay a rental to CLIC for this. However the centre closed in late March due to the pandemic meaning revenues effectively dried up overnight.
7. Toward the end of June 2020 the Council were approached by CLIC asking for an additional loan advance of between £0.55m and 0.6m and an extension to the loan term by a further 10 years to 35 years and they stated they had already been in negotiations for a similar extension with both Marshalls and GLL.
8. In view of this, and to ascertain what the best way forward for the Council was, financial information from both CLIC and GLL was sought along with specialist external legal advice.
9. The information from CLIC revealed that they had creditors of around £0.55m relating to the construction of the ice rink but excluding our loan repayment, the first instalment of which was not due until September 2020. They subsequently provided a letter to the Council saying they would like to defer the loan repayment due at the end of September 2020 and roll the amount up into the loan.
- 10 Legal advice was taken from an external company, given the complex and unusual circumstances surrounding this matter and their advice was presented to the Scrutiny and Overview committee at its meeting on the 29th September 2020. The Scrutiny and Overview Committee supported the proposed way forward with further due diligence being undertaken.
- 11 CLIC were told by officers to negotiate with their creditors to reduce any financial claims against the company and that the Council retained the right to enforce its claim on CLIC for the repayments.

- 12 In the intervening period negotiations have been ongoing with CLIC and we have now reached a position that both the Council and CLIC can agree on which does not result in the Council advancing further monies to CLIC.
- 13 We will now need a formal agreement to be drawn up based on the revised draft loan schedule which proposes repayment by 2048/49 instead of 2043/44 under the original agreement. It is also intended that the agreement to extend the loan repayment period goes hand in hand with finalising the 10 year extension with both Marshalls and GLL, securing member representation on the board and creditors agreeing a reduction in their claims on the company.
- 14 In the meantime, attendances at the ice rink since they were allowed to re-open have been better than expected and revenues up on expectations and it is seen as a valuable leisure facility for the district and surrounding area.

Options

- 15 The Council could decide not to agree to an extension of the loan agreement however this is not recommended as no further monies are being advanced. Negotiations have taken some time to get to an agreed position which both the Council and CLIC are happy with. We could continue negotiations further but it is doubtful we could improve on the Council's position and the uncertainty surrounding the ice rinks future would drag on longer.

Implications

- 16 In the writing of this report, taking into account financial, legal, staffing, risk, equality and diversity, climate change, and any other key issues, the following implications have been considered:-

Financial

- 17 The revised loan agreement should see the Council recoup its money by 2049 and the rink remain a viable. At the start of this process CLIC had asked for a further loan that would have increased the amount that they needed to repay the Council. The current proposal is both better for the Council and CLIC

Legal

- 18 A new legal agreement will need to be drawn up incorporating the revised loan schedule once the proposals have been agreed.

Risks/Opportunities

- 19 There is a risk that the loan repayments will not be made within the timescales stipulated but this is common with all such arrangements. If the Council is more closely involved with CLIC going forward this should be less likely and

having a new agreement and loan schedule setting the requirements out clearly should also mitigate this risk.

Alignment with Council Priority Areas

A modern and caring Council

20 By not enforcing the loan repayments during the pandemic and negotiation process, the Ice Rink has been able to operate as before but with increased participation and revenues. Because of this the rink is available for use as a leisure facility for both residents of the district and others when there was a fear that it might be forced to close.

Appendices

None

Report Author:

Peter Maddock – Head of Finance
Telephone: (01954) 713072